TOWN OF PARRSBORO

CONSOLIDATED

FINANCIAL STATEMENTS

DECEMBER 31, 1985

Jorgensen
& Bickerton
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

His Worship the Mayor and
Members of the Council
The Town of Parrsboro
Parrsboro, Nova Scotia

We have examined the consolidated balance sheet of the Town of Parrsboro as at December 31, 1985 and the consolidated statements of operations and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Town of Parrsboro as at December 31, 1985 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles adopted for Nova Scotia Municipalities applied on a basis consistent with that of the preceding year.

Registered Municipal Auditor.

Amherst, Nova Scotia

February 18, 1986

Jorgensen & Bickerton
CHARTERED ACCOUNTANTS

TOWN OF PARRSBORO

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1985

ASSETS

	1985	1984
Current		
Cash	$ 395,723	$ 334,626
Receivables - Taxes and rates	20,156	27,083
- Other	97,594	49,647
Inventory of supplies at cost	28,941	21,941
Prepaid expenses	1,462	2,552
Long term loan receivable within one year	15,000	15,000
	558,876	450,849
Long term investments	25	25
Long term loan receivable	101,000	116,000
Property and equipment (Note 3)	4,009,578	3,882,702
	$4,669,479	$4,449,576

LIABILITIES

Current		
Payables and accruals	$ 118,034	$ 131,867
Valuation allowances	11,398	10,590
Deferred revenue	99,375	97,466
Long term debt payable within one year	46,371	44,918
	275,178	284,841
Long term debt (Note 4)	226,445	272,815

EQUITY

Reserve Funds (Note 5)	98,521	97,802
Investment in capital assets (Note 6)	3,441,633	3,258,897
Surplus (Note 7)	130,278	37,797
Municipality of Cumberland's vested interest in schools	497,424	497,424
	4,167,856	3,891,920
	$4,669,479	$4,449,576

ON BEHALF OF THE TOWN OF PARRSBORO

Mayor

Clerk

Jorgensen & Bicherton
CHARTERED ACCOUNTANTS

TOWN OF PARRSBORO

CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1985

	1985	1984
Revenue		
Taxes	$ 404,210	$ 404,118
Grants in lieu of taxes	19,160	19,369
Sales of services	13,125	13,125
Other revenue from own sources	147,091	162,960
Unconditional transfers from other governments	344,765	328,042
Conditional transfers from other governments	357,356	283,376
Transfers from own reserves	-	16,000
	1,285,707	1,226,990
Expenditures		
General government services	172,754	163,454
Protection	146,456	142,687
Transportation	153,387	157,230
Environmental Health	7,406	8,185
Public Health and Welfare	226,480	201,429
Environmental development	132,665	129,546
Recreation and cultural	52,071	55,507
Education	84,683	89,458
Water transmission and purification	30,946	27,000
Debt charges and servicing	77,433	81,006
Capital out of revenue	12,536	12,860
Transfers to other governments and agencies	44,573	45,212
Other fiscal services	51,836	55,160
	1,193,226	1,168,734
Excess of revenue over expenditures	$ 92,481	$ 58,256
Analysis of Surplus by Source		
General section	$ 57,708	$ 1,999
Water utility	34,773	56,257
	$ 92,481	$ 58,256

Jorgensen & Bickerton
CHARTERED ACCOUNTANTS

TOWN OF PARRSBORO

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1985

	1985	1984
Working capital derived from		
Operations		
Excess of revenue over expenditures	$ 92,481	$ 58,256
Appropriation from surplus	-	(16,000)
Capital expenditures out of revenue	12,536	12,860
Depreciation	12,534	12,920
Interest earned and retained in reserve fund	6,121	3,785
Term debt retired	29,917	28,695
Transfer to reserves from revenue funds	7,041	747
	160,630	101,263
		-
Collection of long term receivables	15,000	15,000
Capital grants - net	83,340	114,031
Donation	-	37,724
Capital asset not previously recorded	50,000	-
Proceeds from sale of truck - transferred to Reserve	1,000	-
	309,970	268,018
Working capital applied to		
Property and equipment acquired (Net)	145,910	208,571
Reduction in long term debt	46,370	44,019
	192,280	252,590
Increase in working capital	117,690	15,428
Working capital, beginning of year	166,008	150,580
Working capital, end of year	$283,698	$166,008

TOWN OF PARRSBORO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. Accounting policies

(a) Principles and basis of consolidation

These financial statements are presented to provide the reader with an overview of the Town's total financial operations. It is recommended that for a detailed review and analysis, the reader refer to the separate financial statements for each of the various funds.

The principles of consolidation of the accounts of the Municipality have been prescribed by the Province of Nova Scotia and have been followed in all material respects.

(b) Basis of accounting

The financial statements have been prepared using the modified accrual basis of accounting. Major revenue and expenditure items are are recorded on the accrual basis except for certain sources of revenue, including interest on past due taxes, are recorded on a cash basis and principal and interest payments relating to long term debt are recorded as an expense when paid.

(c) Property and equipment

Capital assets and projects in progress are recorded at cost, funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to the Investment in Capital Assets. The Town does not record depreciation on its property and equipment, except in the Water Capital Fund where depreciation is calculated based on a formula prescribed by the Public Utilities Board. The depreciation charge in the Water Operating Fund is transferred to a special bank account in the Water Capital Fund which is used to help fund replacement of existing plant and equipment.

TOWN OF PARRSBORO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1985

2. Contributions to Boards and Commissions

(a) Non-consolidated Boards

The Town of Parrsboro is required to finance the operations of the various Boards and Commissions, along with the other Municipal Units in Cumberland County to the extent of its participation based on assessment or population formula.

In addition to any budgeted contributions, the Municipal Units share in the deficits or surpluses of these Boards based on their sharing percentages. A Municipal Unit's share of the deficit is to be paid in the next fiscal year, while a surplus is to be taken into the next years estimates.

Regional Housing Authority - 10.64% interest

During 1985, the Town paid $14,055 (1984 $13,940) to the Regional Housing Authority to fund its share of the prior years deficit. As well, the Town paid $1,919 to cover its share of a 1985 subsidy advance to the Authority. At December 31, 1985, the share of the 1985 deficit which must be paid by the Town of Parrsboro in 1986 amounts to $18,111.

Joint Expenditure Board - 4.04% interest

In 1985, the Town contributed $27,073 (1984 $26,501) as its share of operations for the Joint Expenditure Board which administers the law enforcement facilities in Cumberland County. At December 31, 1985 the Board had a Surplus.

Regional Planning Commission - 4.23% interest

During 1985, the Town of Parrsboro paid $4,109 (1984 $4,234) to Cumberland District Planning Commission to help finance its operations. At December 31, 1985 the Commission had an operating deficit of $562 of which the Town must pay $24 in 1986.

Regional Library - 5.11% Interest

During 1985 the Town paid $15,007 (1984 $14,002) to the Regional Library.

TOWN OF PARRSBORO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1985

3. Property and equipment

	1985	1984
Cost		
Land and buildings	$1,951,609	$1,850,957
Machinery and equipment	453,033	454,806
Street improvements and paving	1,045,511	1,020,491
Other	670,734	655,223
	4,120,887	3,981,477
Accumulated depreciation	111,309	98,775
Net book value	$4,009,578	$3,882,702

4. Long term debt

16 3/4% Paving loan maturing in 1987	$ 11,805	$ 16,535
12 3/4% Paving loan maturing in 1988	20,011	25,198
9 1/2 to 10% Hospital loan maturing in 1993	116,000	131,000
7 3/4% School loans maturing in 1992	75,000	85,000
13 3/8% Sewer debenture maturing in 1990	12,500	15,000
13 3/8% Water debenture maturing in 1990	37,500	45,000
	272,816	317,733
Less: Amount due within one year	46,371	44,918
	$ 226,445	$ 272,815

Principal repayments required during the next five years are as follows:

1986	46,371
1987	47,876
1988	43,568
1989	36,000
1990	35,000

All long term debts outstanding as at year end has been properly authorized by the Department of Municipal Affairs.

TOWN OF PARRSBORO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1985

5. Reserve Funds

	1985	1984
Balance, beginning of year	$ 97,802	$115,782
Interest on investments and savings	6,121	3,785
Proceeds on disposal of truck	1,000	-
Transfer from operating fund	7,041	747
1979 Tax sales surplus	-	665
Residual capital grant	-	13,443
	14,162	18,640
	111,964	134,422
Transfer to capital funds for equipment	-	36,620
Transfer to capital fund for sanitary land site	13,443	-
Balance, end of year	$ 98,521	$ 97,802
Allocation of Reserve Funds		
Capital Reserve Section	$ 78,159	$ 85,481
Equipment Reserve Section	17,562	10,521
Operating Reserve Section	1,000	-
Transitional Reserve Section	1,800	1,800
	$ 98,521	$ 97,802

TOWN OF PARRSBORO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1985

	1985	1984
6. Investment in Capital Assets		
Balance, beginning of year	$3,258,897	$3,079,837
Term debt retired	29,917	28,695
Capital from revenue	4,469	-
Grants for capital purposes	91,407	126,891
Transfers from reserve funds	13,443	36,620
Building not previously recorded	50,000	-
Donations	-	37,724
	189,236	229,930
	3,448,133	3,309,767
Adjust book value of fixed assets to equipment ledger	-	37,427
Disposal of capital asset	6,500	-
Residual capital grant transferred to special reserve	-	13,443
	6,500	50,870
Balance, end of year	$3,441,633	$3,258,897
7. Surplus (deficit)		
Balance, beginning of year	$ 37,797	$ (4,459)
Excess of revenue over expenditure	92,481	58,256
	130,278	53,797
Transfer to revenue	-	16,000
Balance, end of year	$ 130,278	$ 37,797
Allocation of surplus		
Unrestricted	$ 130,278	$ 37,797

TOWN OF PARRSBORO

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1985

8. Commitments

On February 1, 1982, the Town of Parrsboro joined with the other Municipalities of Cumberland County to form the Cumberland District School Board. Under the agreement, all school buildings on hand at January 31, 1982, will remain assets of the municipality but will be be under the control of the District School Board until such time as the board no longer require the assets for school purposes. At that time, control will revert back to the municipality.

The long term debt outstanding on school capital assets at January 31, 1982, remains a debt of the municipality but a seperate agreement has been signed with the Province of Nova Scotia whereby a grant will be paid annually to the municipality equal to 100% of the principal and interest costs related to the debt.